

## **Implementation of the Medicare drug benefit**

**ISSUE:** Medicare will depend upon competition among private plans to maximize efficiency, value, and cost control for the outpatient drug benefit. At issue is how to provide opportunities for continued competition while minimizing instability and disruption when beneficiaries move from one drug plan to another or when drug plans enter and leave the program.

**KEY POINTS:** MedPAC conducted research on the issues faced by private plans and employers when changing from one pharmacy benefit manager to another. In this paper, we highlight some of the problems that were faced by plan sponsors and enrollees as well as the strategies they employed to ensure a smooth transition. These experiences have implications for implementation of the Medicare drug benefit.

Key findings include:

- Transition planning takes time; plans must have sufficient time to implement new drug plans, transfer data, and communicate with those affected by the changes.
- CMS should ensure that contracts with drug plans include criteria for entering and leaving markets including timely transfers of data.
- Beneficiaries, physicians, and pharmacists should have advance notice of changes in formularies, cost-sharing, and other procedures that differ across plans.

This draft chapter describes the study results and draws implications for implementation of the Medicare drug benefit. The chapter also includes a revised version of the section on formularies that was presented to the Commission in March. MedPAC intends to analyze additional implementation issues in the coming year.

**ACTION:** Commissioners should provide feedback on this draft chapter.

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